GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3582
ANSWERED ON:27.04.2007
` INCOME EARNED BY INDIAN COMPANIES FROM ABROAD`
Kripalani Shri Srichand;Narhire Smt. Kalpana Ramesh

Will the Minister of FINANCE be pleased to state:

(a) the details of amount mobilised by the Indian companies from the global market during each of the last three years;

(b) the steps taken by the Government to further increase the mobilisation;

(c) the schemes formulated by the Government to promote more investment by foreign companies in Indian entities; and

(d) the details thereof ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P. K. BANSAL)

(a): As per information provided by the Reserve Bank of India (RBI), the amount mobilised by Indian companies from the global market through External Commercial Borrowings (ECBs) and ADRs / GDRs during the last three years is as under:

(in US$ million)

Year	ECBs (Net)	ADRs/ GDRs
2003-04	-2,928	459
2004-05	5,426	613
2005-06	2,963	2,552
2006-07 (April-December)	9,275	1,928

(b) The extant policy regime allows the domestic companies to raise funds in the overseas capital markets through various means like Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs) and External Commercial Borrowings (ECBs) in accordance with the guidelines / policies thereon.

The Government in consultation with the Securities and Exchange Board of India (SEBI) and RBI, analyses the economic indicators and formulates policy after taking cognizance of the dynamics of the capital markets and the economy. As such, raising capital from India or overseas is the individual choice of the companies

(c) & (d) : As per the extant policy, except in a few sectors / activities, foreign direct investment (FDI) up to 100% is allowed, under the automatic route, in most sectors / activities. Under this route, FDI does not require prior approval either by the Government of India or RBI. Government have also undertaken a major rationalization of the FDI policy, and associated procedures in February, 2006, to further improve the investment climate which, inter alia, include dispensing with the need of multiple approvals from Government and / or regulatory agencies that exist in certain sectors, extending the automatic route to more sectors, and allowing FDI in new scoters.